

5 Costly Accounting Mistakes Checklist

(And How to Avoid Them Before They Hurt Your Business)

Running a small business? Use this checklist to avoid common accounting errors that can cost you thousands—or even trigger an IRS audit.

✦ MISTAKE #1: DIY Accounting to “Save Money”

Risks:

- ☐ Missed tax deductions
- ☐ Late filing penalties
- ☐ Cash flow mismanagement

Fix It:

- ✓ Use cloud accounting software (QuickBooks, Xero)
 - ✓ Hire a professional bookkeeper
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✦ MISTAKE #2: Mixing Personal & Business Finances

Risks:

- ☐ Tax filing confusion
- ☐ IRS audit red flags
- ☐ Loan application issues

Fix It:

- ✓ Open a separate business bank account
 - ✓ Get a dedicated business credit card
 - ✓ Use accounting software to categorize expenses
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✦ MISTAKE #3: Ignoring Receivables

Risks:

- ☐ Late client payments

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- ☐ Lost or forgotten invoices
- ☐ Cash flow shortages

Fix It:

- ✓ Automate invoicing (e.g., FreshBooks, QuickBooks)
 - ✓ Set up payment reminders and apply late fees
 - ✓ Track receivables regularly
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✦ **MISTAKE #4: Misclassifying Employees vs. Contractors**

Risks:

- ☐ IRS fines
- ☐ Legal trouble
- ☐ Payroll tax issues

Fix It:

- ✓ Follow IRS classification guidelines
 - ✓ Issue correct forms (W-2 for employees, 1099 for contractors)
 - ✓ Consult a professional accountant
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✦ **MISTAKE #5: Poor Tax Planning**

Risks:

- ☐ Overpaying taxes
- ☐ Missed deductions
- ☐ Penalties for missed payments

Fix It:

- ✓ Track deductible expenses year-round
 - ✓ Make timely estimated tax payments
 - ✓ Use a CPA for strategic tax planning
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♡ **BONUS: Spyglass Prevention Tools**

At Spyglass Accounting, we help small businesses stay compliant and profitable with:

- ✓ Real-time cloud-based bookkeeping
- ✓ Smart tax optimization strategies
- ✓ Accurate cash flow forecasting



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